

FILE COPY

November 4, 1986

TO: File

FROM: David M. Wham, Reclamation Hydrologist *DMW*

RE: File Update/Field Inspection, New Harmony Project,
DOE/021/007, DOE/021/009, DOE/053/004, Iron and Washington
Counties, Utah

File Summary

Pedon Engineering's New Harmony Project currently consists of three separate Declarations of Exemption (refer to attached map):

- 1) DOE/021/007, received July 30, 1984; located in the SE 1/4, SW 1/4, Sec. 29, T37S, R13W.
- 2) DOE/021/009, received November 7, 1985; located in the SE 1/4, NW 1/4, Sec. 32, T37S, R13W.
- 3) DOE/053/004, received December 11, 1985; located in the NW 1/4, NW 1/4, Sec. 5, T38S, R13W.

The stated purpose of these projects is to determine the metalurgic and economic feasibility of removing precious metals (silver and gold) from large bulk samples of ore. Because the ore under consideration for mining consists of coal, shaley coal, and carbonaceous mudstones interbedded with shales, limestones and sandstone, the Division has viewed the project with a good deal of scepticism centering on the following questions:

- 1) Is the company planning on mining expressly for coal?
- 2) Will the incidental mining of coal exceed the 16 2/3 percent criteria of the UMC 700.11 applicability regulation?
- 3) Does the size of the disturbances exceed the limitations of the Declaration of Exemption?

Based on site observations, conversations with the operator, sample test results and the recommendations of two previous DOGM investigators, I can only conclude that the company is not planning on mining expressly for the purpose of coal extraction.

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Past calculations based on cross-sections submitted by the operator (August 28, 1984 memo to file) indicate that the amount of coal found in the ore was less than 16 2/3 percent. During the current exploration phase of this operation, such a determination is probably adequate. However, should the operation expand into a large strip mine, the question of coal regulation applicability should be re-evaluated from both a technical and administrative standpoint.

The current disturbances may slightly exceed the 2 acre/500 ton limitations of the DOE. However, I feel that the intent of the DOE has not been abused in this case, and recommend that the exemption status for these sites be retained.

As the activities conducted on site thus far fall within the definition of exploration, I recommend that future permitting of similar activities on the New Harmony project be handled under exploration regulations. Such a practice will allow the Division to require reclamation of disturbed sites and provide input to road locations and erosion control measures.

Field Inspection

On September 11, 1986, Frank Filas and I met with Mr. Robert Pedon, his consultant Dwight Juras and Forest Service personnel Rance Rollins, John Lowe and Tom Abby at the Dixie National Forest Supervisor's office in Cedar City. The meeting was held to discuss an alternate access route to the company's Sara claim group (DOE/053/004).

Litigation over claim and access rights to lands covered under the company's first two DOEs has resulted in the operator expanding their exploration to encompass the new claim group. As access to the Sara claims crosses these same contested claims, an alternate access route was proposed by Mr. Pedon.

No significant problems were noted during our visit to the proposed road location and sample sites. As the entire area is located on Forest Service land and filed as a DOE with our office, I indicated that the Division would defer to Forest Service requirements for construction and reclamation.

Mr. Pedon indicated that while expansion into a full-blown mining operation would not occur for three to five years, the Division should expect additional permit applications for exploration in the near future.

jvb
cc: L. Braxton
W. Hedberg
0851R-45

